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FISCAL IMPACT STATEMENT

LS 6827

BILL NUMBER: SB 331

NOTE PREPARED: Jan 29, 2008

BILL AMENDED: Jan 28, 2008

SUBJECT: Health Coverage for Dependents.

FIRST AUTHOR: Sen. Mishler

FIRST SPONSOR: Rep. Fry

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill defines "dependent" for purposes of the laws regulating policies of accident and sickness insurance and health maintenance organization (HMO) contracts. It amends provisions requiring coverage of certain children to require coverage of dependents under a policy of accident and sickness insurance or a health maintenance organization contract. The bill removes a provision requiring coverage of any dependent upon request under an individual policy of accident and sickness insurance.

Effective Date: July 1, 2008.

Explanation of State Expenditures: The bill would affect the state to the extent that the state contracts with a health maintenance organization (HMO) for health services. Welborn HMO Plan is available to state employees that live or work in Daviess, Dubois, Gibson, Knox, Perry, Pike, Posey, Spencer, Vanderburgh, and Warrick Counties. In order to provide the coverage necessary to meet the proposal, Welborn could experience an increase in costs that may be passed on to the state. The specific impact is currently indeterminable. (Additional information will be provided when it becomes available.)

Any increase may not necessarily imply additional budgetary outlays since the state's response to increased health benefit costs may include (1) greater employee cost-sharing in health benefits; (2) reduction or elimination of other health benefits; and (3) passing costs onto workers in the form of lower wage increases than would otherwise occur. It is unknown at this time if the state would absorb added costs or pass the costs on to employees.

Explanation of State Revenues:

Explanation of Local Expenditures: School corporations and local governments purchasing health benefit coverage could see a change in expenditures for health insurance. The specific impact is indeterminable, but would depend on current health care coverage and cost sharing of health benefit premiums, which could vary widely by locality.

Explanation of Local Revenues:

State Agencies Affected: State Personnel Department.

Local Agencies Affected: Local governments and school corporations.

Information Sources: State Personnel Department.

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